

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 51 – HB 801

March 10, 2015

**SUMMARY OF ORIGINAL BILL:** Creates the Tennessee Come Back for Your Future (TCBYF) scholarship program. Requires potential recipients to: not be ineligible for a scholarship under Tenn. Code Ann. § 49-4-904; have been a Tennessee resident for one year immediately preceding the date of application for the scholarship or renewal of the scholarship; not have been enrolled in or attended any postsecondary institution for at least 12 months prior to application; be within 60 semester hours of obtaining a bachelor's degree; for the 2015-2016 academic year, be admitted to and enroll in an eligible four-year postsecondary institution; file a Free Application for Student Aid; apply for the TCBYF scholarship as required by the Tennessee Student Assistance Corporation (TSAC); provide transcripts to the institution in which the student intends to enroll; and apply for all non-lottery financial assistance for which the student is eligible. Requires potential recipients to have degree completion plans which shall be filed with TSAC. Sets forth requirements for students to maintain TCBYF scholarships. Sets forth TCBYF scholarship termination policies. Authorizes a student who receives a TCBYF scholarship to take a leave of absence for medical or personal reasons and to receive the TCBYF scholarship upon re-enrollment at an eligible institution with certain restrictions. Authorizes TCBYF scholarship recipients to transfer to another eligible postsecondary institution without loss of the scholarship.

Sets the TCBYF scholarship equal to one-half of the tuition and required fees for the semester at an eligible public postsecondary institution and equal to one-half of the tuition and required fees for the semester or \$3,500, whichever is less, at an eligible independent postsecondary institution. Requires TSAC to award TCBYF scholarships on a first-come first-served basis and limits TSAC from expending more than \$5,000,000 of net lottery proceeds for the life of the program. Declares that only students who receive TCBYF scholarships in the 2015-2016 academic year shall be eligible to receive the scholarship in future academic years. Requires the Office of Research and Education Accountability (OREA) within the Comptroller of the Treasury to review and study the TCBYF scholarship program and to report to the Speakers of the House and Senate and the Education Committees of the General Assembly before December 31, 2017.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – There will be a one-time increase in state expenditures of \$5,000,000 from the Lottery for Education Account. This one-time increase in state expenditures will be spread over multiple fiscal years. The annual impact to the Lottery for Education Account is unknown and dependent upon the demand for the new scholarship program.

To the extent that the Lottery for Education Account is tapped to fund these new scholarships, it will reduce the annual statutory transfer of excess lottery funds from the account to the Tennessee Promise Scholarship Endowment Fund.

**SUMMARY OF AMENDMENT (003135, 003741):** Amendment 003135 decreases, from \$5,000,000 to \$1,500,000, the maximum amount of net lottery proceeds that TSAC is authorized to expend for the life of the program. Amendment 003741 specifies that OREA's study is to determine the effectiveness of the TCBYF scholarship program in encouraging and enabling students who completed at least one-half of the coursework for a baccalaureate degree, rather than a baccalaureate or associate degree, before dropping out of college for at least twelve months to obtain a degree.

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Other Fiscal Impact – There will be a one-time increase in state expenditures of \$1,500,000 from the Lottery for Education Account. This one-time increase in state expenditures will be spread over multiple fiscal years. The annual impact to the Lottery for Education Account is unknown and dependent upon the demand for the new scholarship program.**

**To the extent that the Lottery for Education Account is tapped to fund these new scholarships, it will reduce the annual statutory transfer of excess lottery funds from the account to the Tennessee Promise Scholarship Endowment Fund.**

Assumptions for the bill as amended:

- Pursuant to the maximum funding provision established in the bill as amended, there will be a one-time increase in state expenditures of \$1,500,000 from the Lottery for Education Account. The maximum funding amount will be expended over an unknown number of fiscal years.
- Any increase in state expenditures for OREA to review and study the TCBYF scholarship program and make the required report is estimated to be not significant.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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